

Special Accounts Senior Management Committee Meeting
Meeting Notes and Action Items
June 5, 2012 1pm – 2:30pm
Potomac Yards South, Room 5100

Attendees in Person:

Jim Woolford, OSWER/OSRTI/IO
Elliott Gilberg, OECA/OSRE
David Bloom, OCFO/OB
Laura Ripley, OCFO/OB
Meridith Sebring, OSWER/ARMS
Tracey Stewart, OSWER/OSRTI/IO
Nikki Robinson, OCFO/OFM
Steve Silzer, OCFO/OFM
Dale Miller, OCFO/OFM
Manuel Ronquillo, OECA/OSRE/RSD
Alan Youkeles, OSWER. OSRTI
Amy Vandenburg, OSWER/OSRTI
Phyllis Anderson, OSWER/OSRTI
Andrew Teatoresco, OECA/RSD (Intern)
Amira Streeter, OECA/RSD (Intern)
Nelson Fox, Booz Allen Hamilton (contractor support)

Attendees via phone:

Chloe Metz, Region 2
Jennifer Chernowski, Region 2
Leslie Peterson, Region 2
Walter Mugdan, Region 2
Patty Bettencourt, Region 4
Paula Painter, Region 4
Anita Davis, Region 4
Khanh Nguyen, OCFO/OB
Greg Luebbering, OCFO/OFS/CFC
Peter Hendrickson, OCFO/OFS/CFC
Anthony Smaldon, Booz Allen Hamilton (contractor support)

Introduction

Jim Woolford opened the meeting by asking the attendees in the room and on the phone to introduce themselves. Woolford then mentioned the main topics to be discussed during the meeting and informed the group that Tracey Stewart would be leaving on maternity leave at the end of June. He added that Amy Vandenburg would be filling in during Stewart's absence, with assistance from other staff in the Office of Site Remediation and Technology Innovation (OSRTI) as needed.

Highlights from the Past 6 Months

The first topic discussed was special accounts highlights over the past six months. Jim Woolford opened by stating that a memorandum had been issued in January on the use of special account funds to facilitate work settlements with PRPs and that the annual report was issued in March to EPA senior managers on Superfund Special Accounts Senior Management Committee activities. Woolford went on to mention that the House Appropriations Committee was briefed in a two hour meeting in March on special accounts. He also stated that a memorandum was issued in April on effective utilization of special accounts. During this same time, OSRTI and the Office of Site Remediation Enforcement (OSRE) conducted mid-year special account reviews. Woolford and Tracey Stewart addressed the committee and thanked everyone for their hard work.

Compass Issues

The second topic discussed involved Compass (the agency's financial management system) related special account issues. Tracey Stewart notified the group of a few issues related to special accounts that arose as a result of updates to Compass. She added that a majority of the issues had been resolved as of the date of the meeting.

OCFO implemented updates to Compass immediately prior to mid-year special account planning updates. As a result of the Compass updates, several historic special account receipts that were converted from the Integrated Financial Management System (IFMS) into Compass were double-counted. In addition, some Fiscal Year (FY) 2012 obligations that were entered into Compass were not applied to some special accounts. These issues resulted in available account balances being overstated in affected accounts. The overall national available account balance was overstated by somewhere between \$100M and \$150M. Stewart added, rather than not moving forward with mid-years and waiting for the issues to be resolved, mid-years continued as planned and regions simply flagged accounts that were affected by these issues. Mid-year planning and reporting was conducted based on special account available balances as of March 8, 2012. Due to the double counting of receipts and obligations not being applied to some special accounts, mid-year data contained overstated balances. Stewart then notified the group that, as of April 20, 2012, these issues have been resolved.

Stewart continued the discussion of Compass issues by detailing issues related to the recertification of reclassified special account funds. She added that the issue was resolved on June 1, 2012 by the opening of the recertification database. Stewart explained that some regions were holding off on submitting reclassifications because the database for recertifying appropriated funds made available from special account reclassifications was not yet operational. However, now that the recertification database is open regions should no longer be holding off on processing reclassifications. She continued by stating that the recertification process associated with special account reclassifications should be pretty straightforward compared to other recertification processes in FY 2012. All FY 2012 KV transactions already processed by the Cincinnati Finance Center (CFC) are currently showing up in the database. David Bloom stated that he wished that the database had been up and running earlier, but he wanted to ensure

the database worked properly once it was brought online. He then thanked everyone for signing off on memoranda and process changes in a timely manner.

Stewart then mentioned an issue raised by the regions related to the delay in being able to recertify funds made available from special account reclassifications. She stated that there are internal regional deadlines that shorten the window for regions to process reclassifications, request recertification, and obligate funds. Stewart stated that she would gauge regional concerns on the Special Accounts National Conference Call to occur the next day. Jim Woolford queried Walter Mugdan regarding his knowledge in terms of regional concerns. Leslie Peterson stated the internal deadline for Region 2 is August 11, 2012. The committee discussed whether there should be changes to next year's deobligation/recertification guidance and/or deadlines for the reclassification and recertification of funds as a result of the regional deadlines and delay in the recertification database. Bloom stated that the time between now and the national deadline should be sufficient and no changes should be made to the current deadlines and/or guidance. Manuel Ronquillo stated that some regions have earlier deadlines than other regions. The committee decided to forego a discussion around possible options for addressing the shortened reclassification window. Laura Ripley added that Office of Budget's (OB) deadline for recertification of reclassified funds is September 7, 2012. The rest of the group then concurred that there is currently no need to change current guidance and/or deadlines. Woolford and Stewart agreed to report back to the group after the Special Accounts National Conference Call with feedback from the regions.

The committee transitioned to discuss the topic of special account reporting concerns. Laura Ripley noted that there were concerns with Compass tracking special account funds by budget fiscal year. The Beginning Budget Fiscal Year (BBFY) in Compass for reimbursable resources is based on the fiscal year when the accounts receivable is established. All receipts with accounts receivables established in FY 2011 and before are currently identified as BBFY 2011 funds. Receipts with accounts receivable established in FY 2012 will be identified as BBFY 2012 funds. Ripley noted that as time progresses there will be a need to manage funds across multiple years for each account. Ripley mentioned that Greg Luebbering developed a report using the Compass Business Objects Reporting (CBOR) tool that allows regions to view special account balances by BBFY and Fund Code to facilitate the appropriate request and allocation of resources in Compass. Ripley continued by stating that the report currently indicates that there are several accounts with just pennies or small dollar amounts in specific fiscal years, which will be an ongoing occurrence that will need to be cleaned up periodically moving forward. Ripley then queried the committee regarding methods for cleaning up small amounts within specific fiscal years within certain accounts, whether the small amounts could be transferred to the Trust Fund or addressed using some sort of automated means. Bloom asked if there is a way to change the current policy to write off or zero out the small dollar amounts without requiring much effort. Luebbering responded saying that an automated process is not feasible. Rather, funds would have to be transferred manually, one fiscal year at a time, when accounts are closed out. Stewart asked if it would be possible to change the policy so that fiscal years with less than one dollar in an account could be wiped out by CFC on an annual basis. Bloom supported Stewart's proposal. Walter Mugdan added that it will be extremely difficult to manage funds across multiple fiscal years, especially for payroll. Luebbering added to Mugdan's comments by notifying the group that the increased complexity associated with managing funds across multiple fiscal years has

already resulted in negative balances, especially where regions charged payroll to FY 2012 where accounts did not have any FY 2012 funds. Bloom confirmed the increased complexity and mentioned that benefits outweigh the associated challenges. Bloom also agreed that a change in policy is necessary to address small dollar amounts aligned to various fiscal years across accounts. Woolford asked the various Offices of the Chief Financial Officer (OCFO) to take the lead on investigating a policy change and asked if they could report their findings by July 6, 2012.

Using Special Accounts for RCRA Corrective Action

Elliott Gilberg informed the group that since the last meeting the Office of General Counsel (OGC) provided a legal opinion on the subject of using special account funds to support Resource Conservation and Recovery Act (RCRA) corrective actions. Gilberg first provided a brief history of the issue, and then mentioned support for this idea from multiple regional RCRA Division Directors (DDs). The RCRA DDs' support is based on a goal established by the agency to have 95% of approximately 3,700 RCRA facilities cleaned up by 2020. Gilberg mentioned that this is a challenging goal due to limited resources within the RCRA program. Gilberg stated that on April 27, 2012, the following scenarios were outlined in OGC's opinion:

- **Exemption 5 - Attorney-Client Privilege**

[REDACTED]

Exemption 5 - Attorney-Client Privilege

Exemption 5 - Attorney-Client Privilege

Exemption 5 - Deliberative Process

Bloom noted that OSRE may want to draft guidance to bring clarity to the overall process due to the fact that policy questions often surface when transitioning a site from RCRA to CERCLA.

Exemption 5 - Deliberative Process

Silzer indicated that a clear definition and an actual event may need to take place for the change to take place. Woolford mentioned situations in Region 4 where RCRA sites became Superfund Alternative sites.

Ripley cited an example from Region 5 where a site was deferred from being placed on the NPL and addressed under RCRA. Years later, Region 5 demonstrated an inability to pay and proposed the site for listing on the NPL. She mentioned that the inability to pay was well documented in the record and showed a clear delineation between the site being addressed under the two different statutes.

Deliberative Process Exemption 5

Woolford asked Gilberg and OSRE to come up with a policy, guidance, or statement for the regions on establishing clear separation between RCRA and CERCLA portions at sites.

Exemption 5 - Attorney-Client Privilege

It was requested that Gilberg and OSRE share the draft policy with the SASMC before providing it to the regions.

Communications about Special Accounts

Jim Woolford discussed recent reports, inquiries, and briefings regarding special accounts. He informed the group that the Government Accountability Office (GAO) released a favorable report earlier this year on the status of EPA's special accounts. However, GAO's report was tempered by Senator Inhofe who sent a second letter asking a variety of questions relating to unobligated balances in the Superfund Trust Fund. In addition, staff of the House Energy and Commerce Committee posed questions on the availability of special account balances to the public, while the House Appropriations Committee initiated an inquiry by their Surveys and Investigations Staff. OSRTI briefed the Office of Management and Budget (OMB) in April on the reclassification of available funds and the closing of accounts. Woolford mentioned that OSRTI and OSRE recently updated special accounts information available on the internet as a result of the various reports, inquiries, and briefings. Woolford stated that cumulative statistics, Davis Liquid Waste success story, and information on actions EPA has taken to improve the management of special accounts were added to the website.

Woolford transitioned the meeting and began to discuss the development of a clear and concise communications strategy for special accounts. The message about special accounts must be consistent and give the impression of a unified voice on managing special accounts effectively. Woolford stated that it is important to instill confidence about EPA's ability to effectively manage and use special account funds. It was noted that the communications strategy must make stakeholders aware that special accounts are an essential component to protecting public health and the environment, while advancing the Superfund program's positive economic effects. The message must be clear to stakeholders that special accounts enable the Superfund program to conduct more cleanup work than it would otherwise be able to accomplish.

Tracey Stewart brought up that the need for the development of a communications strategy for special accounts was made apparent in responding to the multitude of requests about special accounts in the past 6 months, and ensuring that EPA was being consistent in the messages about

special accounts. Stewart also mentioned that OSRTI was working on a larger Superfund communications strategy that a special accounts communications strategy should flow from. Stewart described the need to be consistent in the main message when answering inquiries and describing background information on the program. Bloom noted that it would be helpful to have the communication strategy explicitly planned out, while also being mindful of the data being presented or released. Ripley discussed the fact that special account data is consolidated with other Superfund data such as financial statements, and the data is not broken down into specific special accounts but presented at a national level. Stewart responded that the data proposed to be provided to the public did not go into that level of detail for each specific individual account. Woolford noted the importance of providing transparency to the public for what special accounts are and how they are used. Anita Davis spoke of the issue of miscommunication and/or misperception by the public on what special account funds could and could not be used for. This confusion caused ambiguity on the purpose of special accounts. If information is to be provided to the public, it should include information that explains what they are used for. Ripley asked the question to the committee on what sort of message were they trying to present with the Superfund and special account programs. Bloom stated the importance of showing the bigger picture and providing a clear explanation with specific context, as well as positive impacts and success stories. Woolford mentioned that Omaha Lead is a good example, where they doubled the pace of work with special account resources. Silzer proposed the idea of providing fact sheets to explain the importance of special accounts. Stewart noted that for each fact sheet, a success story could be provided. Woolford asked Stewart to work on the development of fact sheets for the public and external audiences. Mention was also made of existing Frequently Asked Questions that could be adapted for the public.


Exemption 5 - Deliberative Process

Their expectation in the long term is that financial data will be real time and accurate. The committee should figure out the messages for special accounts and use the data to support it, rather than simply providing data and letting others come to their own conclusions. Stewart noted the need to provide a positive interpretation of the story being told to the public, to show that the agency is working efficiently and that the data provided reinforces this message. Woolford reiterated the need to establish what data would be made available on the internet. Bloom posed the question on whether a communications group should be established to develop the reports, stating the importance to determine what information is needed for a story. Woolford agreed that a communications group should be established and at least one person from each office should be in the group. Stewart responded that the goal of the group should be to provide the data on special accounts to the public in a more clear and understandable format. The committee discussed moving forward with quarterly updates of national statistics on the special accounts webpage, but if they are put out there, it should be to help tell the story, not just numbers for the sake of numbers. The Committee said that it would be okay to pick any "as of" day as long as it's within the first month after the end of the quarter for the updates.

Depositing UAO Financial Assurance in Special Accounts

Elliott Gilberg introduced depositing financial assurance under a Unilateral Administrative Order (UAO) in a special account. Exemption 5 - Attorney-Client Privilege

Exemption 5 - Attorney-Client Privilege



Budget for Special Accounts Support

Bloom indicated that approximately ^{Exemption 5 - Del} [redacted] was available to support special account management. The committee determined that these funds should be used for report or fact sheet development if needed. Stewart noted that she was currently working on two reports: (1) special accounts with \$0 obligated or disbursed; and (2) special accounts at sites with unliquidated appropriated obligations. Stewart stated that funds may be useful in further developing these and other reports, but the reports would need to be developed in CBOR. Bloom requested that any requests for the use of the funds be submitted to Laura Ripley on his staff within the next couple of weeks. He also stated that once these funds are used, there would be no set aside funds for special accounts management and offices would need to fund activities from within their own budgets.

Utilization of Special Accounts for Payroll

Elliott Gilberg mentioned that at the most recent regional Superfund Division Director meeting there was discussion about the utilization of special accounts, particularly for payroll, and there was discussion that some regions do not use special accounts for payroll. Tracey Stewart spoke on the utilization of special accounts across different regions. ^{Exemption 5 - Deliberative Process} [redacted]

[redacted] David Bloom noted that the regions needed to take advantage of special accounts in terms of payroll resources. Woolford suggested talking to the DDs to determine the driving force behind whether regions charge payroll to special accounts. ^{Exemption 5 - Deliberative Process} [redacted]

[redacted] Jim Woolford agreed to look into payroll charging across the regions.

Jim Woolford then closed the meeting.

Tracey Stewart briefly noted the action items, asking others to add any items to the minutes when distributed.

Action Items

Below is a list of action items identified during the meeting.

Item	Lead	Due Date
Develop policy, guidance, or statement on how to transition a site from RCRA to CERCLA and how to clearly differentiate between RCRA and CERCLA portions of a site (Exemption 5 - Deliberative Process)	Manuel Ronquillo	No established time frame
Send a note to the SASMC regarding regional concerns with the recertification of funds made available from special account reclassifications	Jim Woolford	After June 2012 Special Accounts National Conference Call
Report findings on developing policy or guidance on how to deal with amounts less than \$1 in budget fiscal years across special accounts. Look into steps needed to implement a solution in Compass.	OCFO	August 31, 2012
Provide names to Tracey Stewart on who will be involved from each office on a special accounts communications strategy group	OCFO OSRE Lead Regions	June 15, 2012
Add success stories to the communications strategy Develop fact sheets on special accounts Review special account FAQs for inclusion on the internet	OSRTI	No established time frame
Send requests for funds to support special account management activities to Laura Ripley in OB	All offices	June 15, 2012
Follow up on regional special accounts payroll charging	Jim Woolford	No established time frame

Next Meeting

The next meeting will occur in January 2013.